

16. RAILWAYS TARIFFS AND TIMETABLE STRUCTURE

Geographic focus:	Republic of Armenia, Azerbaijan Republic, Georgia, Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan, Turkmenistan, Republic of Uzbekistan.
Project Budget:	EURO 1,500,000
Contractor:	SISIE
Implementation timetable:	July 1996 through February 1998

Background

Rail cost accounting systems inherited from the FSU are based on data, aggregation, and indexing which cannot serve as the tool which is needed to make sensible commercial decisions.

Objectives

- To encourage trade development through Tariff and Timetable Co-ordination between the various railways of the TRACECA Region. Specific objectives are to encourage commercial, competitive attitudes to rail business development
- To encourage the development of rail tariff co-ordination, to establish common mechanisms for the collection and transfer of transit traffic revenues
- To eliminate tariff discrimination throughout the region and to assist in the co-ordination of maritime tariffs and timetables, for traffic using the Ports of Baku, Turkmenbashi and Aktau.

Key Issues

Existing tariff setting mechanisms are institutionally and legally entrenched. They are based on the FSU MTT system for transit traffic while national governments set rates domestically. There is a need to progress out of this rigid system and to stimulate more competition particularly against the road sector for high value cargoes.

The project was given three themes; **the co-ordination of operations; tariffs, costing and marketing**. These include revenue sharing policy between the railways, a cost accounting policy and applications for cross-border and joint operations, developing a marketing plan and refining commercial attitudes. There is advantage seen in emulating and collaborating with the European Bureau Central de Compensation, a European rail payments clearing house.

Achievements

This is a fundamental project for rail commercialisation and restructuring to assist them to develop their businesses and compete against rival modes and alternative routes. The project is timely for the local railway companies to develop viable business strategies for survival, and also because it is a precursor to restructuring themes which are at the core of the EBRD and ADB investment programmes, being developed

Three steering committee meetings have been held, with differing reactions from the participating states. A proposal to establish a "Common Operator" for the TRACECA region including the Black Sea is gaining momentum and to date seven TRACECA participating states are evaluating the scheme which could be based on the European "Intercontainer" model, with the prospect of a future partnership and operational links. A series of seminars for a specialised railway cost management software called "SYSMANAGEMENT" were held, and well received. The same consultant who ran these seminars is the consultant for the MIS module in the Rail Restructuring project, so there is guaranteed continuity of approach.

The European Bureau Central de Compensation (BCC) of the European railway system is a subcontractor. The objectives of this project represent a radical advance on current local rail business practice, and could make a significant difference to improving profitability of the railways.